

Rural Development Programme (RDP) of the Basque Country, Spain

Programa de Desarrollo Rural del País Vasco – January 2010¹

(Rural Development Programme of the Basque Country)

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Other useful links:

Rural Development Programme (RDP):

<http://www.mapa.es/es/desarrollo/pags/programacion/programas/programas.htm>

National Strategy Plan (NSP):

http://www.mapa.es/es/desarrollo/pags/programacion/plan_estrategico/plan_estrategico.htm

Spanish National Rural Network (NRN):

<http://www.mapa.es/es/desarrollo/pags/RedRuralNacional/Presentacion/presentacion.htm>

General socio-economic situation in rural areas in the Basque Country

The Basque Country is located in the north of Spain bordering the French Pyrenees (Aquitaine region). It is a self-governed Autonomous Community, with a total surface of 7,234 km² (1.4% of the Spanish territory). The RDP provides baseline figures for the Basque Country in 2005 and these state that: GDP per capita was €26,515 (this being above the Spanish average of €20,838 at the time); the region contained a population of 2,124,846 inhabitants and a high population density of 293.7 inhabitants/km². The Basque region consists of three historical territories or provinces namely Alava, Bizkaia and Gipuzkoa. There are significant differences between the more urbanised coastal provinces (Gipuzkoa and Bizkaia) and Alava which is very rural. Given the geography of the region the rural areas are closely linked to urban areas. However, they covered 87% of the total surface area and included 9% of the total population.

A key socio-economic strength is that although the agriculture and forestry sectors in this region represent only 0.7% of the total gross domestic product (GDP), they play a key multifunctional role (management of 85% of the territory, conservation of the environment and landscape, cultural heritage, strategic agri-food sector, 34% of employment) apart from being fundamental activities of the Basque rural area. The agriculture sector is characterised

¹ Latest updated RDP, following the adoption of the Health Check and European Economic Recovery Package and additional funds from Modulation.



Map of País Vasco
(© European Commission)

by products distinguished for their high quality. There is also a fast growing agro-processing industry (employment rate of 50% and rising and significant contribution to regional GDP). The region also benefits from a well established and strong cooperative culture.

Weaknesses include demographic ageing which, coupled with the migration trend of young people towards urban areas, may lead to land abandonment, dominance of the agriculture sector by family farms (88% of the total work being within the family), low qualification levels in rural areas, complicated geography (very mountainous) that makes mechanisation of agriculture and forestry processes difficult, low levels of research, development and innovation especially in the agri-food industry. There are also weaknesses in the provision of leisure and tourism infrastructure, housing and services in rural areas and precarious female employment.

In terms of environment, the region is characterised by rich natural, cultural and landscape heritage (20% of the territory classified as Spaces of Natural Interest), a rising coverage of forest surfaces (55% of the territory is forested) and a generally good environmental condition (reduced use of fertilisers, efficient use of irrigation water, good levels of animal welfare, rich biodiversity and fauna). There is high environmental awareness and public sector implication in sustainable development, while the regional climate favours the conservation of the environment. There are however risks of abandonment of rural areas as a result of demographic ageing, contamination problems from nitrates and waste, small surface covered by organic farming and agri-environmental measures.

Following the CAP Health Check, in recognition of the greater emphasis now being given to the 'new challenges' facing agriculture and rural areas, the RDP was revised in 2009 to place additional emphasis on five new challenges, namely, "renewable energies", "water management", "biodiversity", "climate change" and "measures accompanying the restructuring of the dairy sector". The existing SWOT already took into account references to these challenges.

RDP strategic objectives

The RDP's overall aim is to achieve a sustainable, strong and viable rural environment by 2013. Priorities and objectives of this RDP therefore comprise:

- 1) Improve the competitiveness of the agro-forestry sector
- 2) Foster a sustainable and multifunctional agriculture and forestry sector
- 3) Improve the quality of life and the economy of the rural areas
- 4) Foster governance in the rural areas

The overall objectives were chosen in accordance with the Community Strategic Guidelines (CSG), the National Strategy Plan and the Spanish National Framework. Measures proposed are coherent with the objectives set and their financial weight is coherent with the identified strengths and weaknesses, giving emphasis for instance on increasing the competitiveness of the agri-food sector, which is the backbone of the regional economy.

Taking into account the additional financing in the revised RDP and the socio-economic context in rural areas, greater strategic priority is now given to renewable energies, water management, biodiversity, climate change and measures accompanying the restructuring of the dairy sector. This is coherent with the National Strategy Plan. The new investments/actions proposed in the revised RDP País Vasco, addressed to these priorities,

are expected to contribute to achieve the goals set at national level. For the new priority of 'biodiversity' the region has chosen the already existing agro-environmental sub-measures under 'reservation of genetic resources' and as to the priority on 'climate change adaptation' it has chosen the existing sub-measure of 'restoring forestry potential and introducing preventive measures' as recommended in the Spanish National Framework. Concerning the development of infrastructure for broad band in rural areas the RDP does not foresee any explicit actions in this area since this is a specific supra-governmental action. Moreover coverage is practically complete in all the rural area of the region. It is estimated that some 23.2% of the approved EAFRD expenditure has been allocated to the priorities addressing the new challenges.

Expected impact / outcomes of the policies

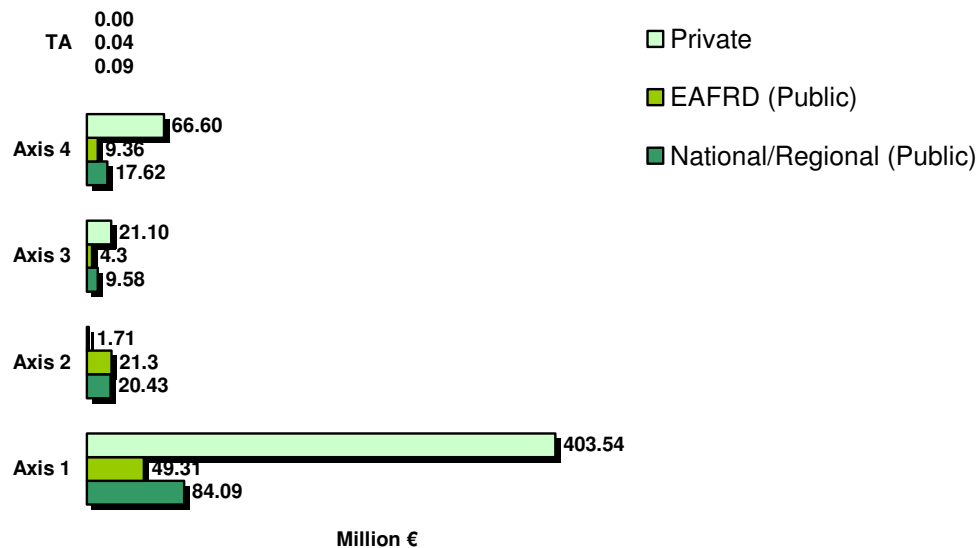
Expected socio-economic outcomes include an agri-food sector capable of creating more wealth and value added, including competitive improvements in products and processes to increase the negotiation capacity of the sector in the market, reversal of depopulation risks for rural areas and increased attractiveness of rural areas especially for young people and women, generation of entrepreneurial projects and development of microenterprises and improved infrastructure and services in rural areas. Expected environmental outcomes include the maintenance of agricultural land and forestry exploitations, agro-forestry systems that respect the environment and improved sustainability of agrarian and forest soil.

Expected impacts include:

- Economic growth: additional value added 36.65 million euro of purchasing power parity.
- Employment creation: net full time employment creation of 1,356 (equivalent to an increase in employment of 0.1%).
- Increases in labour productivity: gross value added per person employed of 100.861,77 euro per person (equivalent to a 33.65% increase).
- Reduction of biodiversity deterioration: increase of 0.5% in the population of regional bird species.
- Maintenance of agriculture and forest areas of high natural value: useful agricultural surface included in areas of high natural value of 19,407 hectares.
- Improvement in the quality of water: gross balance of nutrients of 27 Kg N₂/He.
- Contribution to the fight against climate change: renewable energy coming from the agriculture and forestry sector (no quantitative objective).

Expected impacts from the 2009's RDP amendment relate to the strengthening and promotion of restructuring of the dairy sector, the conservation of biodiversity, a more rational management of water, the production of renewable energy production and actions addressing the issue of climate change. Modifications in output and results indicators are presented below under each axis.

RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €709,065,467



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). Approximately 75% of the overall RDP budget in Cantabria is allocated to axis 1 (€536,943.1 million); approximately 6% is allocated to axis 2 (€43,438.8 million), 5% to axis 3 (€34,982.03 million) and 13% to axis 4 (€93,579.02 million), with 0.02% available to fund Technical Assistance (€122.5 million).

Within axis 1, National/Regional public funding represents approximately 16% share of the axis funding; EAFRD 9%; and private funds 75%.

Within axis 2, National/Regional public funding represents approximately 47% share of the axis funding; EAFRD 49%; and private funds 4%.

Within axis 3, National/Regional public funding represents approximately 27% share of the axis funding; EAFRD 12% and private funds 60%.

Within axis 4, National/Regional public funding represents approximately 19% share of the axis funding; EAFRD 10%; and private funds 71%.

Within technical assistance, National/Regional public funding represents approximately 70% share of the technical assistance funding and EAFRD 30%.

As a consequence of the RDP revisions in 2009, the Basque Country has been assigned an additional budget from the HC and EERP totalling €6,728,440 (including €5,046,330 of EAFRD and a further €1,682,110 of regional/national public funds) focused on climate change, renewable energies, water resource management, biodiversity and accompanying measures

for the restructuring of the milk sector. An additional €1,127,990 of EAFRD from the wine reform and modulation reinforces the above challenges as well as the positive environmental benefits linked to livestock farming in mountainous areas, while it also targets the viticulture or wine producing areas in the region as per indication of the Spanish National Framework. Other changes proposed are mainly of a technical nature and intended to improve the implementation and management of the programme and to update legal references. They concern correction of errata, a transfer of funds from one measure to another within the same axis 2, changes in measures to bring them in line with the changes in the EU regulation, revision of indicators in the programme as requested by the Commission, revising the references to the National framework programme for Spain to bring it in line with the latter following its modification during this exercise, minor changes in a number of measures to ensure their better implementation, revision and introduction of demarcation between first and second pillar.

Axis Information²

Axis 1 objectives – Improving the competitiveness of the agricultural and forestry sector

The main emphasis of this axis is on adding value to agricultural products (measure 123; 66% of total budget for axis 1), followed by modernisation of agricultural holdings (measure 121; 13%).

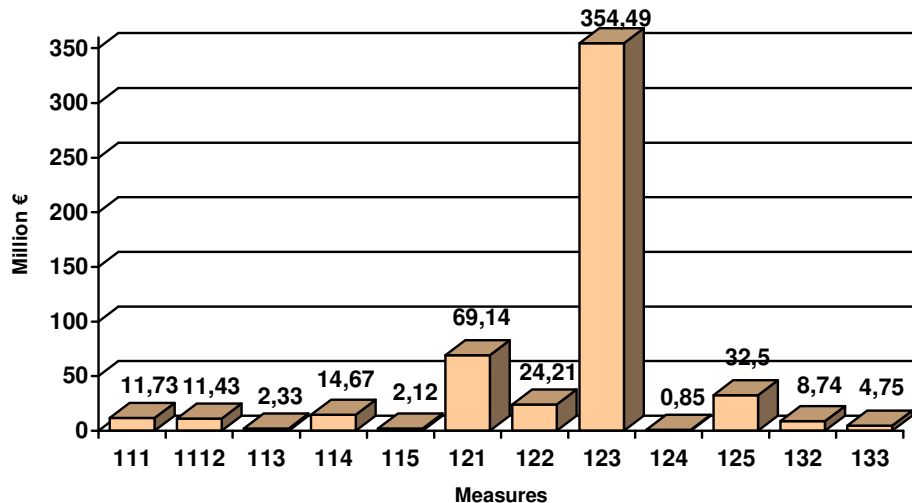
Result targets for axis 1 include 16,500 participants that successfully complete training activities, increase in gross value added of supported agricultural holdings and enterprises (no quantitative target), 8-150 (depending on the measure) farms or enterprises that have introduced new products and/or techniques, 500 million euro of agricultural production regulated by quality norms.

Specific modifications to output and result indicators have been made in order to take account of the amendments to the RDP. Changes in output indicators relate to the increase in the number of holdings/projects/operations supported and an increase in the total volume of investments. Additional result indicators are included for water resource management and comprise a decrease in the total volume of water used of 700,000m³, a reduction in the volume of water used per ha of 460m³ and 1.4 million m³ of water stored affecting 3.200 Has of surface area.

Strategic objectives	Specific objectives
Improve management of agricultural exploitations and enterprises	<ul style="list-style-type: none"> - Promote transfer of experience, knowledge, innovation and technology - Sectoral revival of rural areas
Improve capacity of negotiation and improve image	<ul style="list-style-type: none"> - Improve sectoral cooperation capacity - Introduce new products, techniques and processes for production and commercialisation purposes - Develop a quality strategy
Adapt the production capacity of the market	<ul style="list-style-type: none"> - Improve productive agro-forestry structures

² Detailed information on the individual measures can be found in Annex I.

Axis 1 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €536,943,136



Following the 2009 RDP update, the total budget for axis 1 is €536,943,136 including an additional €3,292,959 (€2,469,719 EAFRD + €823,240 regional/national public funds) from the HC and EERP that is targeted at measures 121 (modernisation of agricultural holdings), 123 (adding value to agricultural and forestry products) and 125.1 (water resource management). Furthermore, an additional €406,292 of EAFRD from the wine reform and modulation further reinforce measures 123 and 125.1. The additional funds to measure 121 support existing operations to accompany the restructuring of the milk sector through aid to investments linked to milk production. The aim is to strengthen the competitiveness of the dairy holdings through investments to improve their profitability mainly through a reduction in the cost of production. Additional funds to measure 123 are earmarked for the artisanal processing and marketing of cow's milk within the holding. The aim is to promote the processing of milk in artisanal products such as cheeses, yoghurts etc for its marketing in short circuit selling chains so as to improve the competitiveness of the dairy holdings given the current problems due to low milk prices. Additional funds to measure 125.1 are targeted at water management through the operation of water storage, namely for the financing of two new projects to improve the capacity for the storage, regulation and control of water leading to better use and water savings in irrigation in the territory of Alava, including support to the wine growing locality of Rioja Alavesa. Aid intensity rates for measures 121 and 123 may also be increased by up to 10%.

Axis 2 objectives - Improving the environment and the countryside

The emphasis of this axis is on agri-environment measures (measure 214; 45% of total axis 2 budget), support to farmers in mountainous areas (measure 211; 33%) and on restoring forestry potential and introducing prevention actions (measure 226; 12%).

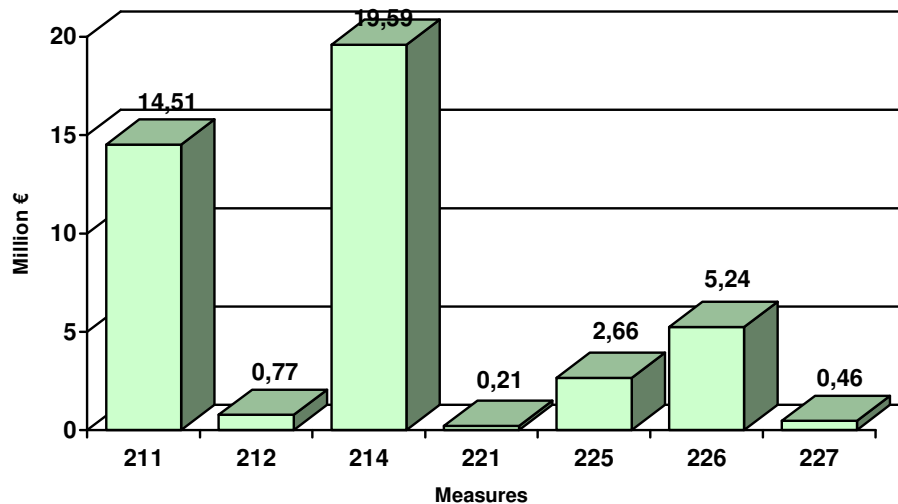
Result targets for axis 2 include: a surface of approximately from as little as 155 hectares to as much as 75,000 hectares (depending in the measure) that contribute to the maintenance of biodiversity, the improvement of water quality, the fight against climate change and avoid

land marginalisation and abandonment. Other result targets include 2,000-4,000 hectares dedicate to organic farming and integrated production, 20,000 hectares covered by fertilisation plans and/or management of purines, 100 hectares under rationalised phytosanitary practices and/or integrated control, 150 hectares with alternative crops, 6,000 hectares of forest surface under Natura 2000.

Specific modifications to output indicators only have been made in order to take account of the amendments to the RDP. They concern increases in the number of actions related to genetic resources and in the number of preventive actions.

Strategic objectives	Specific objectives
The agro-forestry sector to become a leader in environmental activity	- Support agriculture in mountainous and disadvantaged areas - Increase competitiveness of the agro-forestry sector
Adapt to social and environmental demands	- Establish agri-environmental contracts in agricultural holdings - Preserve forest systems

Axis 2 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €43,438,772



Following the 2009 RDP update, the total budget for axis 2 is €43,438,772 including an additional €1,753,371 (€1,315,028 EAFRD + €438,343 regional/national public funds) from the HC and EERP targeted at measures 214 (agri-environment payments) and 226 (preventive actions against forest fires and climate related natural disasters) and an additional €439,701 EAFRD from the wine reform and modulation, targeted at measures 214 and 211 (support to farmers in mountainous areas). Additional funds for measure 214 are earmarked for supporting the biodiversity priority through agro-environmental support, and more specifically through the operation for the conservation of genetic diversity, namely the conservation of autochthonous animals and the conservation of the local cider apples

threatened by extinction. The aim is to reinforce support to the conservation and promotion of the rearing and breeding of autochthonous races in danger of extinction mainly in the territory of Alava. Additional funds for measure 226 are allocated for supporting the priority of climate change adaptation and mitigation through the operation for prevention of forest fires. This will support the extraction of fallen trees and branches in the province of Alava following a severe sudden storm. Their removal will support forest fire prevention measures. Finally, additional funds for measure 211 are aimed to strengthen support to holdings in mountain areas, mainly livestock, through an increase in the premium whilst respecting the maximum threshold of 250€/Ha as well as support projects in the wine growing areas of the region.

Axis 3 objectives - The quality of life in rural areas and diversification of the rural economy

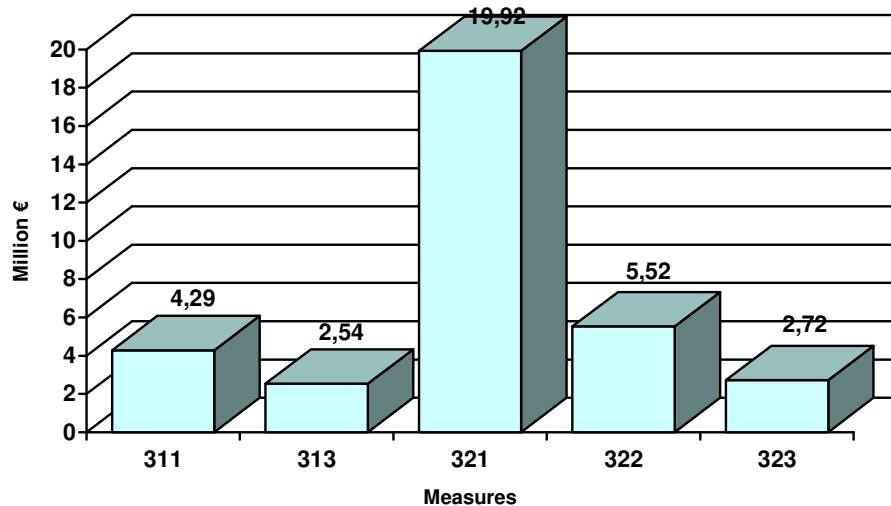
This axis is focused on the provision of basic services for the economy and the rural population (measure 321; 57% of total budget for axis 3), followed by village renewal and development (measure 322; 16%) and diversification into non-agricultural activities (measure 311; 12%).

Result targets for axis 3 include 35-250 (depending on the measure) jobs of gross employment creation, increase in non-agricultural gross value added of supported enterprises, a 10% increase in the number of tourists, 17,200-92,880 (depending on the measure) population benefiting from improved services, 20% of residences with internet access, 630 participants that successfully complete training activities.

Specific modifications to output indicators only have been made in order to take account of the amendments to the RDP. They concern increases in the number of beneficiaries and in the total volume of investments.

Strategic objectives	Specific objectives
Promote new economic activities that generate employment	<ul style="list-style-type: none"> - Diversify economic activity in agrarian exploitations - Generate entrepreneurship projects in the rural sector - Training and capacity building of local agents
Reduce the difference in the quality of life between rural and urban areas	<ul style="list-style-type: none"> - Obtain/develop the necessary equipment and services - Training and capacity building of local agents

Axis 3 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €34,982,035



Following the 2009 RDP update, the total budget for axis 3 is €34,982,035 including an additional €1,682,110 (€1,261,583 EAFRD + €420,527 regional/national public funds) from the HC and EERP and an additional €281,997 EAFRD from the wine reform and modulation targeted at measure 311 (diversification into non-agricultural activities). These additional funds are earmarked for supporting the priority renewable energy through the existing operation for installations and infrastructures for the production of renewable energy using biomass and other sources of renewable energy – solar, wind or geothermal energy. All these will be implemented through the Leader approach. The aim is to complement the support available for holdings that take on board diversification projects linked to the production of renewable energy. This should provide an additional source of income for the holding given that part of the energy produced must be destined for sale to the electricity network.

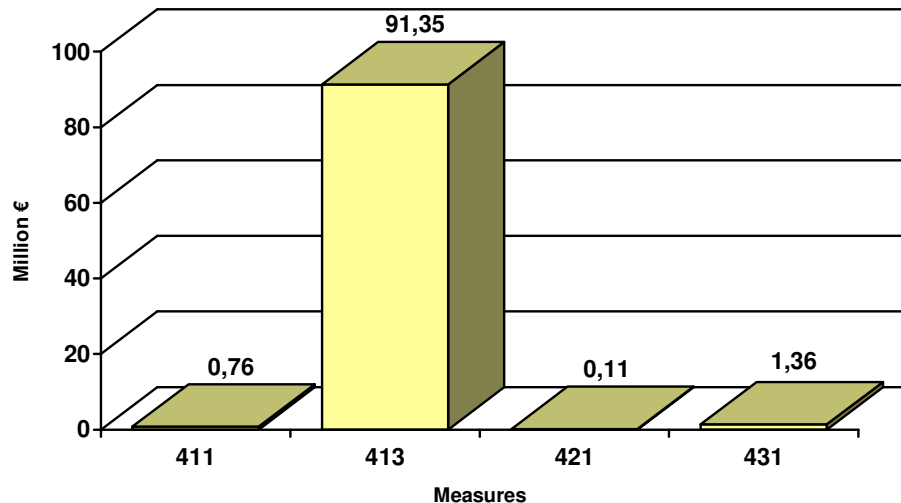
Axis 4 objectives - LEADER

This axis is almost exclusively focused on quality of life and diversification (measure 413; 98% of total axis 4 budget). The objective of this axis is to support selected integrated strategies according to the Leader principles. The measure shall contribute to the accomplishment of the objectives of axes 1, and 3 by 3% and 90% respectively. The main priorities are business creation and development and the encouragement of tourism activities. Inter-territorial and trans-national cooperation are also envisaged.

Result targets for axis 4 include 630-1,287 (depending on the measure) participants that successfully complete training activities and up to 318 gross employment creation.

Specific modifications to output indicators only have been made in order to take account of the amendments to the RDP and comprise an additional output indicator, namely, 900 projects financed by LAGs.

Axis 4 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €93,579,023



There were no financial modifications in relation to axis 4 following the 2009 RDP update.

Monitoring and evaluation strategy

The RDP's monitoring system provides information on programme implementation through financial, output, result and impact indicators that will be included in the annual interim reports of the programme. The Monitoring Committee uses this information to propose necessary amendments of the RDP for subsequent years.

The programme remains subject to a continuous evaluation which produces annual evaluations reports (these become an interim evaluation report in 2010 and an ex post evaluation report in 2015). The objectives of the continuous evaluation are:

- to improve the quality and increase the effectiveness and efficiency of programme implementation;
- to examine and take decisions on potential changes to the programme, to adapt the programme to potential changes as a result of external and/or structural factors that may influence the results and the achievement of the objectives of the programme;
- the provision of information to institutional actors and managers that participate in the programme and its evaluation in order to facilitate continuous learning and offer the programme a dynamic vision of its activities, results and management achievements.

The evaluations use the output, result and impact indicators defined by the Common Monitoring and Evaluation Framework (CMEF) and some additional result and impact indicators for Axes 1, 2 and 3 covering aspects related to:

- (Axis 1) Foreseen job applications of participants upon finalisation of training, capacities and professional improvements (distinguishing for young farmers), modernisation effort in the agro-forestry sector, net increase in the age of farmers, young farmers installed in early retirement farms, professional exploitations registered in Management Centres, exploitations that have introduced improvements in relation to the profitability of the farm, land owners with forest certification, infrastructure improvements, development of

- sub-sectoral groupings/associations, foreseen water savings in irrigation infrastructure projects, surface with improvements in the adaptation of soil.
- (Axis 2) Livestock capacity of farms, premiums/costs ratio of additional production, surface under organic farming and under integrated production, forest contracts that include agri-environment commitments, surface recovered from natural catastrophes, capacity to retain carbon.
 - (Axis 3) Quality of generated employment, migratory flows towards areas supported by the programme, study on the quality of life of the population in rural areas.

Communication and publicity

The objectives of the Communication Plan are to guarantee transparency during the implementation of the RDP, disseminate information on the content of the RDP in relation to the EAFRD contribution and its objectives, disseminate information that facilitates the correct utilisation of designated financial resources, inform the public opinion on the role of the European Union in favour of the actions foreseen in the programme and their results.

The communication plan comprises three components and target groups:

- a) Dissemination of the RDP and the finance opportunities offered by the programme to potential beneficiaries, professional organisations, economic, social and environmental agents, organisations that promote equal opportunities, NGOs, etc;
- b) Information to actual beneficiaries about the role of the EU contribution;
- c) Dissemination of results and the role of the EU to the general public.

Information to target groups will be distributed via electronic means (e.g. Managing Authority website, websites of local public authorities and other relevant actors), publications (leaflets, triptychs, etc.), publicity through the media (radio, TV, local and national press), periodical meetings and information sessions with managers and local action groups (LAGs), publications in the official bulletins of the Basque Country regional and local authorities, the installation of signs/plaques/posters in beneficiary premises and Local Action Groups (LAGs).

Annex I – measure

Measures selected by the RDP	Measures selected by the updated RDP
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Axis 1 - Improving the competitiveness of the agricultural and forestry sector	<i>Promoting knowledge and improving human potential</i>	111	Vocational training and information actions
		112	Setting up of young farmers
		113	Early retirement
		114	Use of advisory services
		115	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	121	Modernisation of agricultural holdings
		122	Improvement of the economic value of forests
		123	Adding value to agricultural and forestry products
		124	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		125	Infrastructure related to the development and adaptation of agriculture and forestry
		126	Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	131	Meeting standards based on EU legislation
		132	Participation of farmers in food quality schemes
		133	Information and promotion activities
	<i>Transitional measures</i>	141	Semi-subsistence farming
142		Producer groups	
143		Providing farm advisory and extension services	
Axis 2 - Improving the environment and the countryside	<i>Sustainable use of agricultural land</i>	211	Natural handicap payments to farmers in mountain areas
		212	Payments to farmers in areas with handicaps, other than mountain areas
		213	Natura 2000 payments and payments linked to Directive 2000/60/EC
		214	Agri-environment payments
		215	Animal welfare payments
		216	Non-productive investments
	<i>Sustainable use of forestry land</i>	221	First afforestation of agricultural land
		222	First establishment of agroforestry systems on agricultural land
		223	First afforestation of non-agricultural land
		224	Natura 2000 payments
		225	Forest-environment payments
		226	Restoring forestry potential and introducing prevention actions
		227	Non-productive investments
		311	Diversification into non-agricultural activities
Axis 3 - Quality of life in rural areas and diversification of the rural economy	<i>Diversify the rural economy</i>	312	Support for business creation and development
		313	Encouragement of tourism activities
		321	Basic services for the economy and rural population
	<i>Improve the quality of life in rural areas</i>	322	Village renewal and development
		323	Conservation and upgrading of the rural heritage
		331	Training and information
		341	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy
Axis 4 - Leader	<i>Implementing local development strategies</i>	411	Competitiveness
		412	Environment/land management
		413	Quality of life/diversification
	421	Implementing cooperation projects	
	431	Running the local action group, skills acquisition, animation	